

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

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| IN RE:<br><br>INTERSTATE POWER AND LIGHT<br>COMPANY | DOCKET NO. EPB-02-150 |
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**ORDER DEEMING PLAN COMPLETE, SETTING PROCEDURAL SCHEDULE,  
AND NOTICE OF HEARING**

(Issued October 11, 2002)

On September 25, 2002, Interstate Power and Light Company (IPL) filed additional information regarding its emissions plan and budget as required by an order issued August 28, 2002. IPL also requested confidential treatment of some of the information provided. The Board will rule on this confidentiality request in a separate order. Although detailed supporting information regarding derivation and calculation of the proposed expenditures was not provided, and such information is necessary for the Board to be able to conduct its review, the emissions plan and budget will be deemed complete, and IPL may provide this information in its prepared testimony. Iowa Code § 476.6(25)(d) (2002).

Therefore, a procedural schedule should be established and a date set for hearing.

In its prepared testimony, IPL is directed to answer the following questions.

1. In its Confidential Attachment—Item # 12, and in its additional information at pages 6–8 and 45–47, IPL provided additional detail of proposed costs for each plant, and a general explanation of the basis of the proposed costs. Please provide a detailed explanation of how Alliant derived each of the numbers for each plant in the tables on pages 6–8 of the additional information, and provide the supporting calculations. Please provide an estimate of the accuracy of each number.

2. Some of the proposed expenditures appear to be for general improvement of plant performance. Iowa Code Supplement § 476.6(25)(a) (2001) states that the plan and budget is for managing regulated emissions. Would IPL make any of the proposed changes and incur the associated costs to improve plant performance apart from the emissions reductions expected to be achieved? If yes, please explain which proposed costs are for general maintenance to improve plant performance, and which are improvements for the purpose of managing regulated emissions. Please explain why the Board should approve general improvement expenses in advance in this docket, as opposed to having recovery be determined after-the-fact in a general rate case.

3. IPL proposes a ten-year straight-line depreciation for recovery of capital costs associated with the Combustion Initiative. Please explain how the Combustion Initiative equipment proposed for the two-year period from

April 1, 2002, through March 31, 2004, is different from ordinary plant equipment such that a different depreciation life is appropriate.

4. When asked for projected retirement dates of the plants, IPL provided a chart containing this information on page 31 of its additional information. IPL stated that the projected retirement dates were based upon a depreciation study. According to the chart, M. L. Kapp Unit 2 is projected to be retired in 2004, and Sutherland in 2009. Yet IPL proposes significant expenditures for these plants in 2002–2004. Please identify when IPL is actually planning to retire each plant for which it is requesting approval of expenses in this emissions plan and budget. Given the actual retirement dates, please explain why it is cost-effective to make the proposed expenditures for each plant.

5. Several of the proposed items are not yet commercially available, are still being tested, or suppliers for the items are not yet available. Please explain why the Board should approve any expenditures for these items at this time. Please explain in detail how IPL calculated the proposed expenditures for items not yet commercially available, for which no supplier is available, or for items still being tested, and provide an estimate of the accuracy of each number. Please explain, for each item, when IPL believes the item will be commercially available, tested, and have a supplier, and the basis for each belief.

6. Please explain the difference between Modeling (Fluent & CI) and Modeling License and Software in the tables on pages 6–8 of the additional information, and what items are included in each.

7. Please explain the difference between "Coal Flow" and "Coal Flow Balancing," and what items are included in each.

8. Please explain how "burner tips" relate to "burners," and where "burner tips" is contained in the tables on pages 6–8 of the additional information.

9. What is "retirement" in the M. L. Kapp chart on page 6 of the additional information?

10. Where do the following items appear in the charts on pages 6–8: Screen Tubes (p. 17), Ovation® Upgrade (p. 18), Instrument Upgrades (p. 21), Tilt/Drive Actuators (p. 21), and Burner Slide Gate (p. 22).

11. If IPL is requesting approval for any instrument upgrades (generally described on page 21), it must provide specific information regarding what is planned for each plant, why the upgrades are needed and how they relate to managing regulated emissions, and the timing of the proposed expenditures.

12. In the additional information at page 21 regarding Tilt/Drive Actuators, IPL stated that "Individual control of burner positions relative to the fireball location can have significant impacts on reducing emissions. To the

best of IPL's knowledge, the Combustion Initiative is the first to modify the burner tilts to be individually controlled." If IPL is seeking approval of any expenses related to Tilt/Drive Actuators in this emissions plan and budget, please provide additional explanation and more specifics regarding what is meant by the statement, what is being proposed, and the basis for the belief that there will be emission reductions.

13. On pages 28-29 of the plan and budget, and pages 51-52 of the additional information, IPL provides information regarding proposed O&M costs. Please explain each number in detail, separately for each plant, including what activities and costs are included, the basis for each number, how each number was calculated, why the amounts must be spent in each listed year for the years included in this plan and budget, and how the central O&M expenses were allocated to each plant. What is the study at Lansing, and what is the preliminary engineering, referred to on page 51 of the additional information?

**IT IS THEREFORE ORDERED:**

1. IPL's emissions plan and budget is deemed complete pursuant to Iowa Code Supplement § 476.6(25)(d).
2. The following procedural schedule is established.

a. On or before October 30, 2002, IPL must file prepared direct testimony relating to its emissions plan and budget. IPL must, at a minimum, answer the questions contained in this order in its prepared testimony.

b. On or before November 20, 2002, the Department of Natural Resources and the Consumer Advocate Division of the Department of Justice may file prepared responsive testimony.

c. On or before December 2, 2002, IPL may file prepared rebuttal testimony.

d. A public hearing for the presentation of evidence and the cross-examination of witnesses will be held on December 9, 2002, in the Board Hearing Room, 350 Maple Street, Des Moines, Iowa, beginning at 9:30 a.m. If a party's exhibits are extensive, the party should provide an index listing the exhibits to the undersigned, opposing counsel, and the court reporter, and must file a copy with the Board Records Center. Each party must provide a copy of its prepared testimony to the court reporter.

Persons with disabilities requiring assistive services or devices to observe or participate should contact the Board at (515) 281-5256 in advance of the scheduled hearing date to request that appropriate arrangements be made.

3. A briefing schedule will be established at the conclusion of the hearing.
4. In the absence of objection, all data requests and responses referred to in oral testimony or on cross-examination will become a part of the evidentiary record of these proceedings. Pursuant to 199 IAC 7.2(6), the party making reference to the data request must file one original and three copies of the data request and response with the Executive Secretary of the Board at the earliest possible time.

**UTILITIES BOARD**

/s/ Amy L. Christensen  
Amy L. Christensen  
Administrative Law Judge

ATTEST

/s/ Judi K. Cooper  
Executive Secretary

Dated at Des Moines, Iowa, this 11<sup>th</sup> day of October, 2002.